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State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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DOGM
MINERALS PROGRAM
FILE COPY

May 7, 1990

TO: Board of Oil, Gas and Mining

THRU: Lowell P. Braxton, Associate Director, Mining *LPB*

THRU: D. Wayne Hedberg, Permit Supervisor, Minerals *DWH*

FROM: Holland Shepherd, Reclamation Specialist/Permit Lead *HLS*

RE: Request for Board Approval of Surety Release for Atlas' Cactus Rat Mine, M/019/009, Grand County, Utah

Atlas Minerals recently contacted the Division concerning the release of their reclamation obligations at the Cactus Rat mine. The Division currently holds a reclamation surety on this site, for \$26,051 in the form of a 1977 Board Contract. Atlas used the same Board Contract to cover 21 sites. Of the original 21 sites, only 3 remain under Atlas responsibility. The Cactus Rat is one of the 3.

The mine is located in Grand County, in between the towns of Cisco and Moab. The Disturbance is approximately 15 acres. The mine was pre-existing before Atlas assumed the claims. The property is 100% BLM.

The operator initially reclaimed the site during the spring of 1988. Due to lack of vegetative success and some minor subsidence problems at the site, the Division requested that the operator attempt another reseeding of the area and repair the subsidence problems.

The operator redisturbed only 2 - 3 acres of the original pre-law disturbance. However, as an act of good faith, an extra 12 acres were reclaimed. This area contained several open declines, discarded mining equipment and decaying structures (see attached xeroxed photos).

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Board Memo
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M/019/009
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The Division informed Atlas that if a second attempt at seeding the site was made and performed as per the Division's specifications, we would release Atlas from any further reclamation requirements at this site. The site presents a problem for easy reclamation because of poor soils and droughty conditions. The, already, droughty conditions have been aggravated by the abnormally low precipitation experienced by this site over the last two years.

The BLM has been to the site and concurs with the Division's recommendations for surety release.

jb
WMN/1-2

DOGM MINERALS PROGRAM

Check list for Board Approval of FORM AND AMOUNT OF SURETY

Mine Name Cactus Rat

File No. M/019/009

| Item | Provided | | Remarks |
|---|----------|----|--------------------------------|
| | Yes | No | |
| Executive Summary | X | | |
| Location Map | X | | |
| Reclamation Bond Estimate | | X | N/A |
| Signed Reclamation Contract | | X | Not available at time approved |
| Signed Power of Attorney/ Affidavit of Qualification | | X | N/A |
| Bond | X | | Board Contract |
| Surety Signoff (Other State/Federal Agencies) | X | | |
| | | | |
| | | | |
| | | | |

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WMNcklst/1

EXECUTIVE SUMMARY

Mine Name: Atlas Minerals/Cactus Rat

I.D. No: M/019/009

Operator: Atlas Minerals Corporation
370 Seventeenth Street, Suite 3150
Denver, Colorado 80202-5631

County: Grand
New/Existing: Existing
Mineral Ownership: BLM
Surface Ownership: BLM
Lease No.(s): N/A

Telephone: (303) 825-1200

Contact Person: Richard Blubaugh

Permit Term: Life of Mine

Life of Mine: 10 years

Legal Description: NW 1/4, NE 1/4, Section 33, Township 22 South, Range 22 East

Mineral(s) to be Mined: Uranium

Mining Methods: Underground

Acres to be Disturbed: 15

Present Land Use: Reclaimed

Postmining Land Use: Wildlife habitat, domestic grazing (cattle)

Variances from Reclamation Standards (Rule R613) Granted: None originally requested

Soils and Geology:

Soil Description: The file does not provide such description

pH: Information unavailable

Special Handling Problems: Soils in the area are in place disturbed by mining. Since the majority of site disturbance is pre-law, no original soil salvage was ever performed.

Geology Description: No description exists in the file.

Hydrology:

Ground Water Description: No ground water description was ever required.

Surface Water Description: No natural bodies of water exist on the site.

Water Monitoring Plan: No such plan was ever required at this site.

Ecology:

Vegetation Type(s); Dominant Species: The site maintains a cold-desert shrub type vegetation consisting of low growing saltbushes, matchweed, sages, sparse grasses such as Indian ricegrass and wheatgrass and sparser forbs.

Percent Surrounding Vegetative Cover: Cover ranges on adjacent vegetation for 5 - 10%

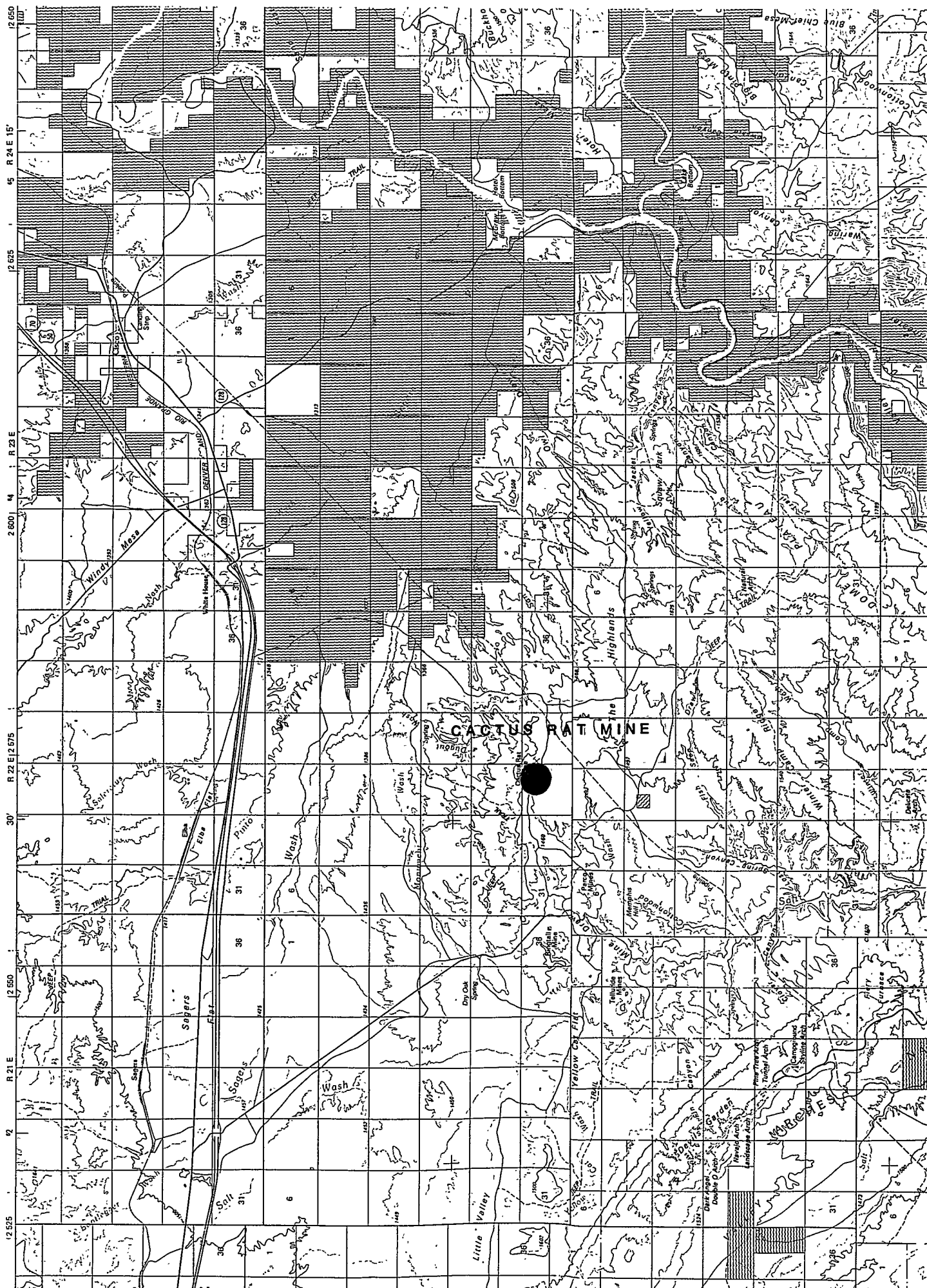
Wildlife Concerns: None

Surface Facilities: An old pre-law mine office, bunkhouse remains as well as a pre-law underground miners dwelling. These have been left because of historical significance. They pose little safety hazard to the public.

Mining and Reclamation Plan Summary: The mine consisted of numerous digs, cuts, spoils piles and an old cabin which was used as a combination shelter and equipment shed. Final reclamation included removal of extraneous debris, scrap metal and discarded wood. Waste rock stockpiles, open cuts, pits and overburden were graded to a contour to match the surrounding landscape. All portals were secured to prevent accidental entry. Access roads and other compacted surfaces were broadcast seeded and drag covered. A vegetation mix recommended by the Division in 1990 was used. No amendments were added to the soil.

Surety:

Amount: \$26,051
Form: Board Contract
Renewable Term: None



ACT 1037/051

MINED LANDS SURETY CONTRACT

THIS CONTRACT, made and entered into as of the 27th day of January, 1983, between Atlas Corporation, a Delaware corporation (hereinafter called the "Operator"), and the Board of Oil, Gas, and Mining, duly authorized and existing by virtue of the laws of the State of Utah (hereinafter called the "Board").

W I T N E S S E T H:

WHEREAS, the Operator is the owner or lessee and is in possession of certain mines and associated workings in the State of Utah (hereinafter called the "Mines"); which are more particularly described on Exhibit "A", attached hereto and by this reference made a part hereof; and

WHEREAS, the operator has filed Notices of Intention to Commence Mining Operations and Mining and Reclamation Plans for the Mines; and

WHEREAS, certain of the aforesaid Notices and Plans have been approved by the Board as shown on Exhibit "B" attached hereto and by this reference made a part hereof; and

WHEREAS, the Operator is able and willing to conduct reclamation operations at the Mines in accordance with the

requirements specified in the aforesaid Notices and Plans, the Mined Land Reclamation Act, and the rules and regulations adopted in connection therewith; and

WHEREAS, the Board has considered the factual information and recommendations provided by the staff of the Division of Oil, Gas, and Mining as to the magnitude, type and costs of the approved reclamation activities planned for the Mines; and

WHEREAS, the Board is cognizant of the nature, extent, duration of the operations at the mines, the Operator's financial status, and the Operator's ability to carry out the planned work.

NOW, THEREFORE, in consideration of the promises and covenants herein contained the Operator and the Board hereby agree as follows:

1. The Operator agrees to reclaim the land affected by mining activities at the Mines in accordance with the Operator's approved Mining and Reclamation Plans and any future amendments or additions thereto, the Mined Land Reclamation Act, and the Regulations adopted under said Act.

2. The Operator and the Board agree that, except as specifically provided herein, reclamation of the land affected by mining activities at the Mines shall be governed only by the Operator's approved Mining and Reclamation Plans and any future

amendments or additions thereto as approved by the Board or Division, along with applicable laws and regulations.

3. The Operator shall be an independent contractor and as such shall have no authorization to bind the State of Utah or the Board to any agreement except as herein set forth.

4. The Operator agrees to hold harmless the State of Utah, the Board, and the Division of Oil, Gas, and Mining from claims for personal injury or death, damages to personal property and liens of workmen and materialmen, howsoever caused, in performance of this contract.

5. In lieu of accepting a bond or cash surety, the Board agrees to accept the Operator's personal guarantee as set forth in this contract, to reclaim the land affected by the Mines in accordance with the Operator's Mining and Reclamation Plans listed in Exhibit "B" and any future amendments or additions thereto, as approved by the Board.

6. The reclamation obligation for which this contract is a personal guaranty shall be released by the Board as to each of the Mines upon the completion of reclamation as specified in the state statute, regulations, and approved Mining and Reclamation Plan applicable to such mine. Any determination by the Division that the Operator has not complied with an applicable statute, regulation or approved

Mining and Reclamation Plan requirement may be reviewed by the Board upon request of the Operator after notice and hearing.

7. This Contract shall fulfill the Operator's obligations under Section 40-8-14, Utah Code Annotated, and Rule M-5 of the Board's Regulations.

8. If the Operator does not comply with its obligations under this Contract as to any of the Mines, the Board shall give to the Operator a notice of noncompliance and shall initiate proceedings to revoke the approval of the Notice of Intention to Commence Mining Operations relating to the mine which is not in compliance with this Contract. Such proceedings shall be governed by applicable law.

9. If the Mined Land Reclamation Act, the regulations adopted thereunder, or any other statute or regulation, are amended to remove the legal requirement serving as the basis for any provision of this Contract, the Operator will no longer be required to comply with such provision of the Contract. Nothing herein, however, shall be deemed to relieve the Operator from compliance with applicable laws and regulations relating to reclamation of land affected by the operations of any of the mines notwithstanding any provisions of this Contract.

10. This contract shall apply to those mines listed on Exhibit "B" and will apply each of the other Mines as the

applicable Mining and Reclamation Plan for that mine is approved by the Board.

11. This Contract shall supersede all individual surety contracts currently in force between Atlas and the Board, unless Atlas requests and the Division or Board, as appropriate, approves the continuation in force of any such contract.

IN WITNESS WHEREOF, the parties hereto have respectively set their hands and seals this ____ day of _____, 19__.

ATTEST:

ATLAS CORPORATION

Cheryl J. Yura
Assistant Secretary

SEAL

Edward R. Fair
President

BOARD OF OIL, GAS, AND MINING

Lee B. Henderson

John M. Hays

Robert L. Hays

Richard B. Brown

L. Stark McIntosh

Dianne P. Nelson

Doug A. White

STATE OF UTAH)
 : ss.
COUNTY OF)

On the ____ day of _____, 19__, personally
appeared before me _____ Edward R. Farley, Jr. who,
being by me duly sworn, did say that he is the _____ President
_____ of Atlas Corporation, a corporation, and
that the foregoing instrument was signed on behalf of said cor-
poration by authority of its Bylaws or a resolution of its Board
of Directors, and said _____ Edward R. Farley, Jr. acknowl-
edged to me that said corporation executed the same.

Rose Marie Church
NOTARY PUBLIC
Residing at: Peru, Pa. N.J.

My Commission Expires:

May 21, 1985

_____, acting as Secretary of the Board of Oil, Gas, and Mining of the State of Utah, hereby certifies that the foregoing Surety Agreement was approved by the Board on the 27th day of January, 1983, in Cause Nos. ACT/019/007, ACT/019/009, ACT/015/011, ACT/015/013, ACT/015/014, ACT/037/003, ACT/037/005, ACT/037/006, ACT/037/007, ACT/037/008, ACT/037/010, ACT/037/011, ACT/037/012, ACT/037/013, ACT/037/017, ACT/037/019, ACT/037/021, ACT/037/023, ACT/037/024, ACT/037/034, ACT/037/040.